

June 9, 2016

The Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, P.O. Box 21040
St. John's, NL A1A 5B2

Attention: Ms. Cheryl Blundon
Director Corporate Services & Board Secretary

Dear Ms. Blundon:

Re: An Application by Newfoundland and Labrador Hydro (Hydro) pursuant to Subsection 41(3) of the Act for the approval of the Gas Generator Engine Refurbishments at the Hardwoods Gas Turbine Plant and the Stephenville Gas Turbine Plant

Following is Hydro's reply to the parties' submissions with regard to the above noted application.

1.0 Application Background

On May 19, 2016, Hydro filed an Application seeking approval to refurbish gas generator engine, End A engine, serial number 202205, at the Hardwoods Gas Turbine Plant, and gas generator engine, End A engine, serial number 202204, at the Stephenville Gas Turbine Plant to ensure the supply of safe and adequate and reliable power to the Island Interconnected System.

2.0 Intervenor Submissions

Newfoundland Power, in its letter dated June 7, 2016, submitted that the capital expenditures outlined in the Application should be approved. Newfoundland Power further submitted that the Board should require Hydro to provide an update regarding its reconsideration of the long term strategy for Hardwoods and Stephenville in its report on 2016 capital expenditures to be filed with the Board in March 2017.¹

The Industrial Customers Group (Corner Brook Pulp and Paper Limited and NARL Refining Limited Partnership), in its letter of June 7, 2016, stated that they have no comments other than to support Newfoundland Power's submission that there should be a timely consideration by Hydro of its long term strategy for Hardwoods and Stephenville, and to further submit that further consideration should not necessarily be delayed to the filing with the Board of Hydro's report on the 2016 capital expenditures.²

¹ Letter from Newfoundland Power Inc. dated June 7, 2016.

² Letter from the Industrial Customers Group dated June 7, 2016.

3.0 Hydro's Response

Hydro submits that neither Newfoundland Power nor the Industrial Customers oppose the approval of the Application. There was no submission on part of the Consumer Advocate.

With respect to the comments made by the intervenors, Hydro will report the long term strategy for Hardwoods and Stephenville in its 2016 Capital Expenditures filing.

In summary, Hydro states that the capital works for which Hydro has sought approval in the present Application are necessary to ensure that Hydro can continue to provide service which is safe and adequate and just and reasonable as required by Section 37 of the Act. Hydro respectfully requests that the Board approve Hydro's application, as submitted.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



Tracey L. Pennell
Senior Counsel, Regulatory

TLP/cp

cc: Gerard Hayes – Newfoundland Power
Paul Coxworthy – Stewart McKelvey Stirling Scales
Sheryl Nisenbaum – Praxair Canada Inc.

Thomas Johnson, Q.C. – Consumer Advocate
Thomas J. O'Reilly, Q.C. – Cox & Palmer